(d) what steps are being taken for approving cases in stipulated time-frames?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHRIPAD YESSO NAIK): (a) The delay occurs in some cases as the exemption claims need to be varified by the Officers. The exemption also depends on the furnishing of details and evidences by the assessees and their verification by the IT Department.

(b) In view of the large number of exemptions available under the Act and their administration by different authorities, no such centralised data is being maintained.

(c) As per the answer in Part (a) above.

(d) The Department has taken administrative steps to expedite the exemption claims. The officers have been instructed to decide exemption cases within 4 months of the filing of the cases.

FDI in India as compared to China

1465. DR. AKHILESH DAS: Will the Minister of FINANCE be pleased to state:

(a) Whether it is a fact that China attracts seven times more of Foreign Direct Investment (FDI), according to World Investment Report, 2003;

(b) if so, how the FDI in India is compared to that of China during 2001 and 2002;

(c) whether Government have studied the reasons for such a low level of FDIs in India, as compared to China; and

(d) What steps are being taken by Government to improve FDI inflow?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) to (d) Foreign Direct Investment flows to developing countries which stood at US $ 238 Billion in 2000, fell to US$ 205 Billion in 2001 and further to US$ 190 Billion in 2002. FDI flows into India, however, have not gone down in 2002 despite the global trands.

India's Official statistics on FDI inflow for the relevant years did not include reinvested earnings (by foreign companies), inter-company debt transactions and overseas commercial borrowings by foreign direct investors in foreign invested firms, as per standard IMF definitions. This is in contrast to China, which has been reporting FDI following the standard IMF nomenclature.

Owing to the fact that India's Offical RBI Statistics on FDI systematically understates inflows compared to the accepted IMF methodology, the International Finance Corporation has estimated that actual FDI inflows into India during 2001 could range between US$ 5 Billion to US$ 8 Billion. Furthermore, according to Global Development Finance, 2002, 'round tripping' [that is flows from Hong Kong into China and *vice versa* accounts for nearly 50% of China's FDI. Both these factors do not reflect a fair comparison of official FDI figures between India and China.

The International Finance Corporation has done an exercise to readjust FDI inflows in both India and China, for the sake of comparability. According to this exercise, China's FDI to Gross Domestic Product ratio is twice that of India's.

Since mid-2003, reinvested earnings and equity capital of unincorporated bodies are being included in FDI data on an annual basis. The liberal policies of the Government is expected to lead to enhanced FDI flows in the future.

Merger of IDBI

1466. SHRI PARMESHWAR KUMAR AGARWALLA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the IDBI has got a proposal of merger with any banks;

(b) if so, the details thereof;

(c) by when the merger is likely to take off; and

(d) whether it is also a fact that the bank is likely to become one of the biggest banks in the country?